

COLUMBUS COMMUNITY SCHOOL DISTRICT
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2008

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Columbus Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education (Before September 2007 Election)		
Mike Braun	President	2009
Marsha Gerot	Vice President	2009
Ed Smith	Board Member	2007
Dan Peters	Board Member	2008
Georgia Kost	Board Member	2008
Board of Education (After September 2007 Election)		
Mike Braun	President	2009
Marsha Gerot	Vice President	2009
Ed Smith	Board Member	2009
Dan Peters	Board Member	2008
Georgia Kost	Board Member	2008
School Officials		
Rich Bridenstine	Superintendent	2008
Tanya Purdy	Business Manager/ District Secretary	2008
Gruhn Law Firm	Attorney	2008

NOLTE, CORNMAN & JOHNSON P.C.

Certified Public Accountants

(a professional corporation)

117 West 3rd Street North, Newton, Iowa 50208-3040

Telephone (641) 792-1910

INDEPENDENT AUDITOR'S REPORT

To the Board of Education of the
Columbus Community School District:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Columbus Community School District, Columbus Junction, Iowa, as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements listed in the table of contents. These financial statements are the responsibility of District officials. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Columbus Community School District at June 30, 2008, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

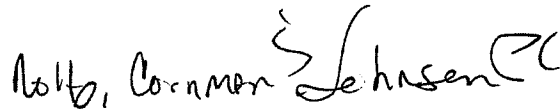
In accordance with Government Auditing Standards, we have also issued our report dated January 22, 2009 on our consideration of Columbus Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 4 through 13 and 37 through 38 are not required parts of the basic financial statements, but are supplementary

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information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Columbus Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the year ended June 30, 2007 (which are not presented herein) and expressed an unqualified opinion on those financial statements. Another auditor previously audited the financial statements for the three years ended June 30, 2006, (none of which are presented herein) in accordance with the standards referred to in the second paragraph of this report and unqualified opinions were expressed on those financial statements. The supplemental information included in Schedules 1 through 6, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.


NOLTE, CORNMAN & JOHNSON, P.C.

January 22, 2009

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Columbus Community School District provides the Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2008. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2008 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from \$9,147,210 in fiscal 2007 to \$9,659,223 in fiscal 2008, while General Fund expenditures increased from \$8,862,064 in fiscal 2007 to \$9,611,700 in fiscal 2008. Since the increase in General Fund revenues was more than enough to offset the increase in General Fund expenditures, this resulted in an increase in the District's General Fund balance from \$668,708 in fiscal 2007 to a balance of \$716,231 in fiscal 2008, a 7.11% increase from the prior year.
- The increase in General Fund revenues was attributable to increases in state and local sources in fiscal 2008. The increase in expenditures was due primarily to increases in negotiated salaries and benefits for District employees.
- Since the end of fiscal year 2005, the District's General Fund carryover balance has increased from \$391,587 to \$716,231 as of the end of fiscal year 2008, which represents a 82.90% increase during the time frame.
- As of the year ended June 30, 2008, the District had a solvency ratio of 7.11% as compared to a solvency ratio of 7.06% for the year ended June 30, 2007.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of Columbus Community School District as a whole and present an overall view of the District's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Columbus Community School District's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Columbus Community School District acts solely as an agent or custodial for the benefit of those outside of School District.

Notes to the financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year.

Other Supplementary Information provides detailed information about the nonmajor funds. In addition, the Schedule of Expenditures of Federal Awards provides detail of various programs benefiting the District.

Figure A-1 shows how the various parts of this annual report are arranged and relate to one another.

Figure A-1
Columbus Community School District Annual Financial Report

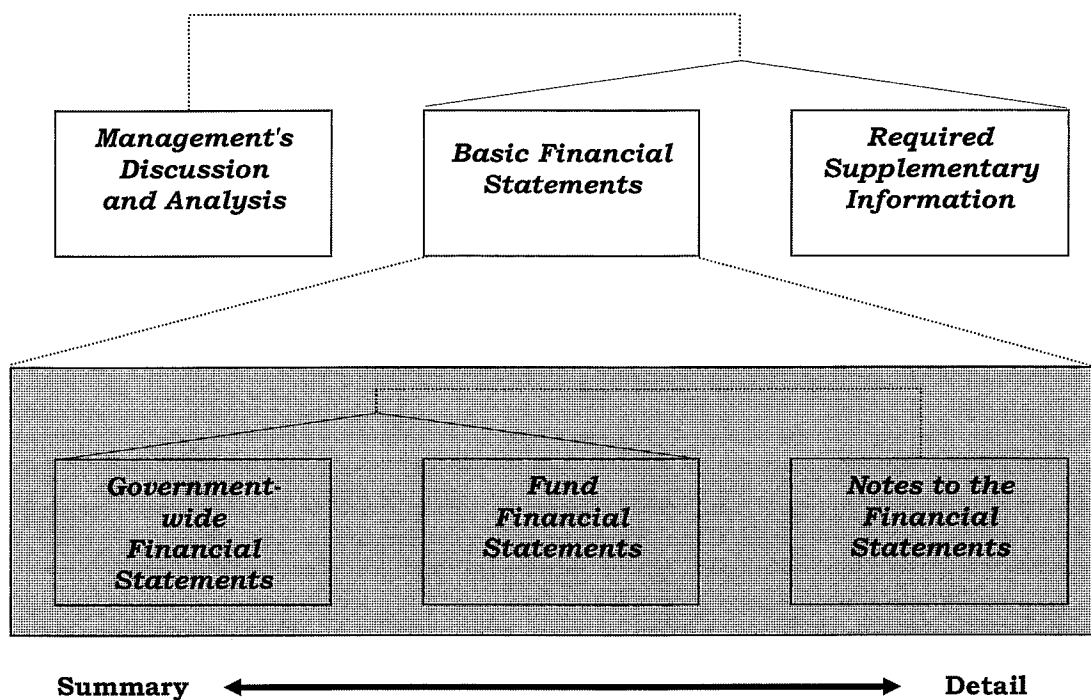


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

Figure A-2

Major Features of the Government-Wide and Fund Financial Statements

	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Activities the district operates similar to private businesses, e.g., food service	Instances in which the district administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	<ul style="list-style-type: none"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of revenues, expenses and changes in net assets • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net assets • Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two government-wide financial statements report the District's net assets and how they have changed. Net assets – the difference between the District's assets and liabilities – are one way to measure the District's financial health or position. Over time, increases or decreases in the District's net assets are an indicator of whether financial position is improving or deteriorating. To assess the District's overall health, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities, need to be considered.

In the government-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities:* Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these activities.
- *Business-type activities:* The District charges fees to help cover the costs of certain services it provides. The District's school nutrition program, greenhouse program and pool program are included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds or to show that it is properly using certain revenues such as federal grants.

The District has three kinds of funds:

- 1) *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

The District's governmental funds include the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Fund.

The required financial statements for the governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

- 2) *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District's enterprise funds, one type of proprietary fund, are the same as its business-type activities, but provide more detail and additional information, such as cash flows. The District currently has three Enterprise Funds, the School Nutrition Fund, the Greenhouse Fund and the Pool Fund.

The required financial statements for the proprietary funds include a statement of net assets, a statement of revenues, expenses and changes in net assets and a statement of cash flows.

3) *Fiduciary funds*: The District is the trustee, or fiduciary, for assets that belong to others. These funds include Private-Purpose Trust and Agency funds.

- Private-Purpose Trust Fund - The District accounts for outside donations for scholarships for individual students in this fund.
- Agency Fund - These are funds for which the District administers and accounts for certain federal and/or state grants on behalf of other Districts and certain revenue collected for District employee purchases of pop and related expenditures. Another example is the District 9 FHS/Hero program the District accounts for.

The District is responsible for ensuring that the assets reported in the fiduciary funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

The required financial statements for fiduciary funds include a statement of fiduciary net assets and a statement of changes in fiduciary net assets.

Reconciliations between the government-wide financial statements and the fund financial statements follow the fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's net assets at June 30, 2008 compared to June 30, 2007.

Figure A-3
Condensed Statement of Net Assets

	Governmental Activities		Business-type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2008	2007	2008	2007	2008	2007	2007-08
Current and other assets	\$ 8,371,434	8,222,024	70,327	81,498	8,441,761	8,303,522	1.66%
Capital assets	8,372,346	8,568,274	28,836	26,868	8,401,182	8,595,142	-2.26%
Total assets	16,743,780	16,790,298	99,163	108,366	16,842,943	16,898,664	-0.33%
Long-term obligations	4,769,399	5,101,217	0	0	4,769,399	5,101,217	-6.50%
Other liabilities	6,195,413	6,404,454	5,922	5,833	6,201,335	6,410,287	-3.26%
Total liabilities	10,964,812	11,505,671	5,922	5,833	10,970,734	11,511,504	-4.70%
Net assets:							
Invested in capital assets, net of related debt	3,772,346	3,596,540	28,836	26,868	3,801,182	3,623,408	4.91%
Restricted	1,067,587	787,461	0	0	1,067,587	787,461	35.57%
Unrestricted	939,035	900,626	64,405	75,665	1,003,440	976,291	2.78%
Total net assets	\$ 5,778,968	5,284,627	93,241	102,533	5,872,209	5,387,160	9.00%

The District's combined net assets increased by 9.00%, or \$485,049, over the prior year. The largest portion of the District's net assets is the invested in capital assets, net of related debt. The debt related to the investment in capital assets is liquidated with sources other than capital assets.

Restricted net assets represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net assets increased 35.57%, or \$280,126, over the prior year.

Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – increased \$27,149, or 2.78%. This is due mainly to the increase in General Fund carryover balance.

Figure A-4 shows the changes in net assets for the year ended June 30, 2008 compared to the year ended June 30, 2007.

Figure A-4
Changes of Net Assets

	Governmental Activities		Business-type Activities		Total School District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2008	2007	2008	2007	2008	2007	2007-08
Revenues:							
Program revenues:							
Charges for services	\$ 321,593	318,213	161,292	164,333	482,885	482,546	0.07%
Operating grants and contributions and restricted interest	1,796,750	1,560,777	356,583	353,081	2,153,333	1,913,858	12.51%
General revenues:							
Property tax	3,856,443	4,087,274	0	0	3,856,443	4,087,274	-5.65%
Local option sales and services tax	594,561	844,418	0	0	594,561	844,418	-29.59%
Unrestricted state grants	4,440,166	4,301,862	0	0	4,440,166	4,301,862	3.21%
Other	207,225	219,197	297	410	207,522	219,607	-5.50%
Transfers	(27,020)	(26,047)	27,020	26,047	0	0	0.00%
Total revenues	11,189,718	11,305,694	545,192	543,871	11,734,910	11,849,565	-0.97%
Program expenses:							
Governmental activities:							
Instructional	7,086,041	6,562,214	2,025	1,204	7,088,066	6,563,418	7.99%
Support services	2,672,017	2,583,735	0	0	2,672,017	2,583,735	3.42%
Non-instructional programs	6,796	1,406	552,459	526,099	559,255	527,505	6.02%
Other expenses	930,523	1,068,934	0	0	930,523	1,068,934	-12.95%
Total expenses	10,695,377	10,216,289	554,484	527,303	11,249,861	10,743,592	4.71%
Changes in net assets	494,341	1,089,405	(9,292)	16,568	485,049	1,105,973	-56.14%
Beginning net assets	5,284,627	4,195,222	102,533	85,965	5,387,160	4,281,187	25.83%
Ending net assets	\$ 5,778,968	5,284,627	93,241	102,533	5,872,209	5,387,160	9.00%

In fiscal 2008, property tax and unrestricted state grants accounted for 74.14% of the revenue from governmental activities while charges for service and sales and operating grants and contributions account for 94.99% of the revenue from business type activities.

The District's total revenues were approximately \$11.7 million of which \$11.2 million was for governmental activities and approximately \$0.5 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 0.97% decrease in revenues and a 4.71% increase in expenses. Unrestricted state grants increased \$138,304 and operating grants and contributions increased \$239,475 to fund increases in expenditures.

Governmental Activities

Revenues for governmental activities were \$11,189,718 and expenses were \$10,695,377.

The following table presents the total and net cost of the District's major governmental activities: instruction, support services, non-instructional programs and other expenses.

Figure A-5
Total and Net Cost of Governmental Activities

	Total Cost of Services			Net Cost of Services		
	2008	2007	Change 2007-08	2008	2007	Change 2007-08
Instruction	\$ 7,086,041	6,562,214	7.98%	5,309,374	5,005,743	6.07%
Support services	2,672,017	2,583,735	3.42%	2,672,017	2,583,735	3.42%
Non-instructional	6,796	1,406	383.36%	6,796	1,406	383.36%
Other expenses	930,523	1,068,934	-12.95%	588,847	746,415	-21.11%
Totals	<u>\$ 10,695,377</u>	<u>10,216,289</u>	<u>4.69%</u>	<u>8,577,034</u>	<u>8,337,299</u>	<u>2.88%</u>

- The cost financed by users of the District's programs was \$321,593.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$1,796,750.
- The net cost of governmental activities was financed with \$3,856,443 in local tax, \$594,561 in local option sales and service tax, \$4,440,166 in state grants and \$115,004 in interest income.

Business-Type Activities

Revenues of the District's business-type activity were \$545,192 and expenses were \$554,484. The District's business-type activity is the School Nutrition Fund, the Greenhouse Fund and the Pool Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and a transfer from the PERL Fund to help cover costs associated with the pool the District maintains.

INDIVIDUAL FUND ANALYSIS

As previously noted, the Columbus Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported combined fund balances of \$1,816,089, above last year's ending fund balances of \$1,471,035. The primary reason for the increase is associated with gains in fund balance by the Debt Service, Capital Projects and the General Fund.

Governmental Fund Highlights

- The District's General Fund financial position is the product of many factors. Growth during the year in state and local source revenues resulted in an increase in revenues. The increase in revenues was more than enough to offset the increase in expenditures. This resulted in the increase in fund balance from \$668,708 in fiscal 2007 to \$716,231 in fiscal 2008.
- The Capital Projects fund balance overall increased from \$251,610 in fiscal 2007 to \$457,074 in fiscal 2008. The increase in fund balance for this fund is the result of decreased expenditures during the year.

Proprietary Fund Highlights

The School Nutrition Fund's balance decreased from \$107,294 in fiscal 2007 to \$85,631 in fiscal 2008. A decrease in revenues as compared to fiscal 2007, along with the increase in expenditures, allowed the balance to decrease.

The School Greenhouse Fund also showed a slight decline during the year ended June 30, 2008. The balance in this fund fell from \$1,652 to \$1,284. Fund expenses were more than revenues guaranteeing the decline.

The School Pool Fund balance increased from a deficit \$6,413 in 2007 to a positive \$6,326 in 2008 due to revenue from the Public Education and Recreation Levy and contributions from the City of Columbus Junction. This represents a 198.64% increase from 2007 to 2008.

BUDGETARY HIGHLIGHTS

The District's revenues were \$322,153 more than budgeted revenues, a variance of 2.83%. The most significant variance resulted from the District receiving more in local and federal sources than originally anticipated.

Initially, total expenditures were less than budgeted, due primarily to the District's budget for the General Fund. It is the District's practice to budget expenditures at the maximum authorized spending authority for the General Fund. The District then manages or controls General Fund spending through its line-item budget. As a result, the District's certified budget should always exceed actual expenditures for the year.

During the year ended June 30, 2008, District expenditures exceeded the budgeted amount in the instructional and non-instructional programs function.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2008, the District had invested \$8,401,182, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities and transportation equipment. (See Figure A-6) This amount represents a net decrease of 2.26% from last year. More detailed information about capital assets is available in Note 5 to the financial statements. Depreciation expense for the year was \$408,445.

The original cost of the District's capital assets was \$13,552,417. Governmental funds account for \$13,453,452 with the remainder of \$98,965 in the Proprietary, School Nutrition Fund.

The largest percentage change in capital asset activity during the year occurred in the construction in progress category. The District's construction in progress totaled \$183,960 at June 30, 2007 as compared to \$256,723 at June 30, 2008.

Figure A-6
Capital Assets, Net of Depreciation

	Governmental Activities		Business-type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2008	2007	2008	2007	2008	2007	2007-08
Land	\$ 406,285	406,285	0	0	406,285	406,285	0.00%
Construction in progress	256,723	183,960	0	0	256,723	183,960	39.55%
Buildings	6,872,150	7,125,014	0	0	6,872,150	7,125,014	-3.55%
Land improvements	396,018	442,951	0	0	396,018	442,951	-10.60%
Machinery and equipment	441,170	410,064	28,836	26,868	470,006	436,932	7.57%
Total	\$ 8,372,346	8,568,274	28,836	26,868	8,401,182	8,595,142	-2.26%

Long-Term Debt

At June 30, 2008, the District had \$4,769,399 in general obligation bonds payable, revenue bonds payable, and other long-term debt outstanding. (See Figure A-7) More detailed information about the District's long-term liabilities is available in Note 6 to the financial statements.

The District had total outstanding general obligation bonds payable of \$2,960,000 at June 30, 2008.

The District had total outstanding revenue bonds payable of \$640,000 at June 30, 2008 payable from the proceeds of the local option sales and service taxes.

As of June 30, 2008, the District had qualified zone academy bonds of \$1,000,000 payable from the Special Revenue, Physical Plant and Equipment Levy.

The District also had total outstanding early retirement payable of \$61,770 from the Special Revenue, Management Fund at June 30, 2008.

The District had compensated absences payable of \$107,629 from the General Fund at June 30, 2008.

Figure A-7
Outstanding Long-Term Obligations

	Total School District		Total Change
	June 30,		June 30,
	2008	2007	2007-08
General obligation bonds	\$ 2,960,000	3,190,000	-7.2%
Revenue bonds	640,000	750,000	-14.7%
QZAB	1,000,000	1,000,000	0.0%
Copier leases	0	31,734	-100.0%
Early retirement	61,770	37,397	65.2%
Compensated absences	107,629	92,086	16.9%
Total	\$ 4,769,399	5,101,217	-6.5%

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was aware of existing circumstances that could affect its financial health in the future:

-
- The state's economy is showing limited signs of economic recovery. A weaker economy adversely impacts the amount of new general fund money available to the District. Also continued budget concerns at state level will affect future projections. The District will continue to be forced to shift funding to property taxes and income surtaxes.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Tanya Purdy, Business Manager/District Secretary, Columbus Community School District, 819 North 16th Street, Columbus Junction, Iowa, 52738.

BASIC FINANCIAL STATEMENTS

COLUMBUS COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2008

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and pooled investments:			
ISCAP (Note 4)	\$ 1,577,755	0	1,577,755
Other	2,131,601	65,383	2,196,984
Receivables:			
Property tax:			
Delinquent	39,056	0	39,056
Succeeding year	3,639,494	0	3,639,494
Income surtax	380,975	0	380,975
Accounts	205,754	0	205,754
Accrued interest:			
ISCAP (Note 4)	598	0	598
Due from other governments	396,201	338	396,539
Inventories	0	4,606	4,606
Capital assets, net of accumulated depreciation (Note 5)	8,372,346	28,836	8,401,182
TOTAL ASSETS	16,743,780	99,163	16,842,943
LIABILITIES			
Accounts payable	924,770	1,483	926,253
ISCAP warrants payable (Note 4)	1,565,000	0	1,565,000
ISCAP interest payable (Note 4)	600	0	600
ISCAP unamortized premium	26,840	0	26,840
Accrued interest payable	21,043	0	21,043
Deferred revenue:			
Succeeding year property tax	3,639,494	0	3,639,494
Unearned revenue	0	4,439	4,439
Other	17,666	0	17,666
Long-term liabilities (Note 6):			
Portion due within one year:			
General obligation bonds payable	240,000	0	240,000
Revenue bonds payable	115,000	0	115,000
Early retirement payable	24,183	0	24,183
Compensated absences	107,629	0	107,629
Portion due after one year:			
General obligation bonds payable	2,720,000	0	2,720,000
QZAB bonds payable	1,000,000	0	1,000,000
Revenue bonds payable	525,000	0	525,000
Early retirement payable	37,587	0	37,587
TOTAL LIABILITIES	10,964,812	5,922	10,970,734
NET ASSETS			
Invested in capital assets, net of related debt	3,772,346	28,836	3,801,182
Restricted for:			
Talented and gifted	10,385	0	10,385
Beginning teacher mentoring	4,859	0	4,859
Salary improvement program	508	0	508
Market factor	4,250	0	4,250
Beginning administrator mentoring	1,500	0	1,500
Phase I	9	0	9
Phase II	254	0	254
Professional development	121	0	121
Market factor incentives	7,613	0	7,613
Management levy	53,641	0	53,641
Physical plant and equipment levy	92,203	0	92,203
Public education and recreation levy	307	0	307
Capital projects	457,074	0	457,074
Debt service	410,634	0	410,634
Other special revenue purposes	24,229	0	24,229
Unrestricted	939,035	64,405	1,003,440
TOTAL NET ASSETS	\$ 5,778,968	93,241	5,872,209

SEE NOTES TO FINANCIAL STATEMENTS.

COLUMBUS COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2008

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		Total
	Expenses	Charges for Services	Operating Grants, Contributions and Restricted Interest	Govern- mental Activities	Business- Type Activities	
Functions/Programs						
Governmental activities:						
Instruction:						
Regular instruction	\$ 4,630,515	146,635	1,390,235	(3,093,645)	0	(3,093,645)
Special instruction	1,213,353	28,872	59,667	(1,124,814)	0	(1,124,814)
Other instruction	1,242,173	146,086	5,172	(1,090,915)	0	(1,090,915)
	<u>7,086,041</u>	<u>321,593</u>	<u>1,455,074</u>	<u>(5,309,374)</u>	<u>0</u>	<u>(5,309,374)</u>
Support services:						
Student services	278,136	0	0	(278,136)	0	(278,136)
Instructional staff services	446,512	0	0	(446,512)	0	(446,512)
Administration services	798,950	0	0	(798,950)	0	(798,950)
Operation and maintenance of plant services	787,074	0	0	(787,074)	0	(787,074)
Transportation services	361,345	0	0	(361,345)	0	(361,345)
	<u>2,672,017</u>	<u>0</u>	<u>0</u>	<u>(2,672,017)</u>	<u>0</u>	<u>(2,672,017)</u>
Non-instructional programs:						
Other enterprise operations	1,358	0	0	(1,358)	0	(1,358)
Food service operations	5,438	0	0	(5,438)	0	(5,438)
	<u>6,796</u>	<u>0</u>	<u>0</u>	<u>(6,796)</u>	<u>0</u>	<u>(6,796)</u>
Other expenditures:						
Facilities acquisitions	133,675	0	0	(133,675)	0	(133,675)
Long-term debt interest	155,375	0	0	(155,375)	0	(155,375)
AEA flowthrough	341,676	0	341,676	0	0	0
Depreciation (unallocated)*	299,797	0	0	(299,797)	0	(299,797)
	<u>930,523</u>	<u>0</u>	<u>341,676</u>	<u>(588,847)</u>	<u>0</u>	<u>(588,847)</u>
Total governmental activities	10,695,377	321,593	1,796,750	(8,577,034)	0	(8,577,034)
Business-Type activities:						
Instruction:						
Other instruction	2,025	1,657	0	0	(368)	(368)
Non-instructional programs:						
Nutrition services	517,563	139,020	356,583	0	(21,960)	(21,960)
Community services	34,896	20,615	0	0	(14,281)	(14,281)
Total business-type activities	<u>554,484</u>	<u>161,292</u>	<u>356,583</u>	<u>0</u>	<u>(36,609)</u>	<u>(36,609)</u>
Total	<u>\$ 11,249,861</u>	<u>482,885</u>	<u>2,153,333</u>	<u>(8,577,034)</u>	<u>(36,609)</u>	<u>(8,613,643)</u>
General Revenues and Transfers:						
General revenues:						
Property tax levied for:						
General purposes				\$ 3,269,649	0	3,269,649
Debt service				371,364	0	371,364
Capital outlay				215,430	0	215,430
Local option sales and services tax				594,561	0	594,561
Unrestricted state grants				4,440,166	0	4,440,166
Unrestricted investment earnings				115,004	297	115,301
Other				92,221	0	92,221
Transfers				(27,020)	27,020	0
Total general revenues and transfers				<u>9,071,375</u>	<u>27,317</u>	<u>9,098,692</u>
Changes in net assets				494,341	(9,292)	485,049
Net assets beginning of year				5,284,627	102,533	5,387,160
Net assets end of year				<u>\$ 5,778,968</u>	<u>93,241</u>	<u>5,872,209</u>

* This amount excludes the depreciation that is included in the direct expense of various programs

SEE NOTES TO FINANCIAL STATEMENTS.

COLUMBUS COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2008

	General	Capital Projects	Other Nonmajor Governmental Funds	Total
ASSETS				
Cash and pooled investments:				
ISCAP (Note 4)	\$ 1,577,755	0	0	1,577,755
Other	1,318,751	177,500	635,350	2,131,601
Receivables:				
Property tax				
Delinquent	30,828	0	8,228	39,056
Succeeding year	2,874,042	0	765,452	3,639,494
Income surtax	380,975	0	0	380,975
Accounts	204,224	0	1,530	205,754
Accrued interest:				
ISCAP (Note 4)	598	0	0	598
Due from other governments	80,713	315,488	0	396,201
TOTAL ASSETS	\$ 6,467,886	492,988	1,410,560	8,371,434
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 886,532	35,914	2,324	924,770
ISCAP warrants payable (Note 4)	1,565,000	0	0	1,565,000
ISCAP interest payable (Note 4)	600	0	0	600
ISCAP unamortized premium	26,840	0	0	26,840
Deferred revenue:				
Succeeding year property tax	2,874,042	0	765,452	3,639,494
Income surtax	380,975	0	0	380,975
Other	17,666	0	0	17,666
Total liabilities	5,751,655	35,914	767,776	6,555,345
Fund balances:				
Reserved for:				
Debt service	0	0	410,634	410,634
Talented and gifted	10,385	0	0	10,385
Beginning teacher mentoring	4,859	0	0	4,859
Salary improvement program	508	0	0	508
Market factor	4,250	0	0	4,250
Beginning administrator mentoring	1,500	0	0	1,500
Phase I	9	0	0	9
Phase II	254	0	0	254
Professional development	121	0	0	121
Market factor incentives	7,613	0	0	7,613
Unreserved:				
Undesignated:				
General	686,732	0	0	686,732
Management levy	0	0	115,411	115,411
Physical plant and equipment levy	0	0	92,203	92,203
Public education and recreation levy	0	0	307	307
Capital projects	0	457,074	0	457,074
Other special revenue purposes	0	0	24,229	24,229
Total fund balances	716,231	457,074	642,784	1,816,089
TOTAL LIABILITIES AND FUND BALANCES	\$ 6,467,886	492,988	1,410,560	8,371,434

SEE NOTES TO FINANCIAL STATEMENTS.

COLUMBUS COMMUNITY SCHOOL DISTRICT
 RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET ASSETS
 JUNE 30, 2008

Total fund balances of governmental funds (page 16) \$ 1,816,089

*Amounts reported for governmental activities in the
 statement of net assets are different because:*

Capital assets used in governmental activities are not
 financial resources and, therefore, are not reported as
 assets in in the governmental funds. 8,372,346

Accounts receivable income surtax, are not yet available
 to finance expenditures of the current fiscal period. 380,975

Accrued interest payable on long-term liabilities is
 not due and payable in the current period and, therefore,
 is not reported as a liability in the governmental funds. (21,043)

Long-term liabilities, including general obligation bonds,
 QZAB bonds, revenues bonds, early retirement, and
 compensated absences, are not due and payable in the
 current period and, therefore, are not reported as
 liabilities in the governmental funds. (4,769,399)

Net assets of governmental activites (page 14) \$ 5,778,968

SEE NOTES TO FINANCIAL STATEMENTS.

COLUMBUS COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2008

	General	Capital Projects	Other Nonmajor Governmental Funds	Total
REVENUES:				
Local sources:				
Local tax	\$ 3,113,932	0	726,539	3,840,471
Local option sales and service tax	0	594,561	0	594,561
Tuition	148,962	0	0	148,962
Other	234,480	564	219,504	454,548
Intermediate sources	1,800	0	0	1,800
State sources	5,649,313	0	375	5,649,688
Federal sources	510,736	0	0	510,736
Total revenues	9,659,223	595,125	946,418	11,200,766
EXPENDITURES:				
Current:				
Instruction:				
Regular instruction	4,444,580	0	109,894	4,554,474
Special instruction	1,213,353	0	0	1,213,353
Other instruction	1,095,508	0	146,665	1,242,173
	6,753,441	0	256,559	7,010,000
Support services:				
Student services	281,666	0	2,174	283,840
Instructional staff services	404,834	44,312	12,993	462,139
Administration services	782,483	0	15,773	798,256
Operation and maintenance of plant services	727,414	18,580	42,617	788,611
Transportation services	318,828	0	87,574	406,402
	2,515,225	62,892	161,131	2,739,248
Non-instructional programs:				
Other enterprise operations	1,358	0	0	1,358
Food service operations	0	0	5,438	5,438
	1,358	0	5,438	6,796
Other expenditures:				
Facilities acquisitions	0	206,438	0	206,438
Long-term debt:				
Principal	0	0	371,734	371,734
Interest and fiscal charges	0	0	152,800	152,800
AEA flowthrough	341,676	0	0	341,676
	341,676	206,438	524,534	1,072,648
Total expenditures	9,611,700	269,330	947,662	10,828,692
Excess(deficiency) of revenues over(under) expenditures	47,523	325,795	(1,244)	372,074
Other financing sources(uses):				
Transfer in	0	0	224,017	224,017
Transfer out	0	(120,331)	(130,706)	(251,037)
Total other financing sources(uses)	0	(120,331)	93,311	(27,020)
Net change in fund balances	47,523	205,464	92,067	345,054
Fund balance beginning of year	668,708	251,610	550,717	1,471,035
Fund balance end of year	\$ 716,231	457,074	642,784	1,816,089

SEE NOTES TO FINANCIAL STATEMENTS.

COLUMBUS COMMUNITY SCHOOL DISTRICT
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 JUNE 30, 2008

Net change in fund balances - total governmental funds (page 18) \$ 345,054

*Amounts reported for governmental activities in the
 statement of activities are different because:*

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are reported in the Statement of Net Assets and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. Capital outlay expenditures exceed depreciation expense and loss on disposal in the current year, are as follows:

Expenditures for capital assets	\$ 232,163	
Depreciation expense	(403,397)	
Loss on asset disposal	(24,694)	(195,928)

Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Current year repayments are the following:

371,734

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due.

(2,575)

Income surtax account receivable is not available to finance expenditures of the current year period in the governmental funds.

15,972

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Early Retirement	\$ (24,373)	
Compensated absences	(15,543)	(39,916)

Changes in net assets of governmental activities (page 15)

\$ 494,341

SEE NOTES TO FINANCIAL STATEMENTS.

COLUMBUS COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2008

	School Nutrition	Green- house	Pool	Total
Assets				
Cash and pooled investments	\$ 56,290	1,284	7,809	65,383
Due from other governments	338	0	0	338
Inventories	4,606	0	0	4,606
Capital assets, net of accumulated depreciation(Note 5)	28,836	0	0	28,836
Total assets	90,070	1,284	7,809	99,163
Liabilities				
Accounts payable	0	0	1,483	1,483
Unearned revenue	4,439	0	0	4,439
Total liabilities	4,439	0	1,483	5,922
Net assets				
Invested in capital assets	28,836	0	0	28,836
Unrestricted	56,795	1,284	6,326	64,405
Total net assets	\$ 85,631	1,284	6,326	93,241

SEE NOTES TO FINANCIAL STATEMENTS.

COLUMBUS COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2008

	School Nutrition	Green- house	Pool	Total
OPERATING REVENUE:				
Local sources:				
Charges for services	\$ 139,020	1,657	20,615	161,292
OPERATING EXPENSES:				
Current:				
Instruction:				
Other instruction	0	2,025	0	2,025
Non-instructional programs:				
Food service and community service operations:				
Salaries	216,159	0	20,263	236,422
Benefits	43,512	0	2,154	45,666
Services	7,036	0	3,748	10,784
Supplies	243,956	0	7,839	251,795
Depreciation	5,048	0	0	5,048
Other	1,852	0	892	2,744
	517,563	0	34,896	552,459
TOTAL OPERATING EXPENSES	517,563	2,025	34,896	554,484
OPERATING LOSS	(378,543)	(368)	(14,281)	(393,192)
NON-OPERATING REVENUES:				
State sources	6,262	0	0	6,262
Federal sources	350,321	0	0	350,321
Interest income	297	0	0	297
TOTAL NON-OPERATING REVENUES	356,880	0	0	356,880
Change in net assets before other financing sources	(21,663)	(368)	(14,281)	(36,312)
OTHER FINANCING SOURCES:				
Transfer in	0	0	27,020	27,020
Change in net assets	(21,663)	(368)	12,739	(9,292)
Net assets beginning of year	107,294	1,652	(6,413)	102,533
Net assets end of year	\$ 85,631	1,284	6,326	93,241

SEE NOTES TO FINANCIAL STATEMENTS.

COLUMBUS COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2008

	School Nutrition	Green- house	Pool	Total
Cash flows from operating activities:				
Cash received from sale of lunches and breakfasts	\$ 131,586	0	0	131,586
Cash received from miscellaneous operating activities	6,902	1,657	20,810	29,369
Cash payments to employees for services	(259,671)	0	(22,417)	(282,088)
Cash payments to suppliers for goods or services	(221,528)	(2,025)	(11,198)	(234,751)
Net cash used in operating activities	(342,711)	(368)	(12,805)	(355,884)
Cash flows from non-capital financing activities:				
Transfer from Public Education and Recreation Levy	0	0	27,020	27,020
State grants received	6,262	0	0	6,262
Federal grants received	321,131	0	0	321,131
Net cash provided by non-capital financing activities	327,393	0	27,020	354,413
Cash flows from capital and related financing activities:				
Purchase of capital assets	(7,016)	0	0	(7,016)
Cash flows from investing activities:				
Interest on investments	297	0	0	297
Net increase(decrease) in cash and cash equivalents	(22,037)	(368)	14,215	(8,190)
Cash and cash equivalents at beginning of year	78,327	1,652	(6,406)	73,573
Cash and cash equivalents at end of year	\$ 56,290	1,284	7,809	65,383
Reconciliation of operating loss to net cash used in operating activities:				
Operating loss	\$ (378,543)	(368)	(14,281)	(393,192)
Adjustments to reconcile operating loss to net cash used in operating activities:				
Commodities consumed	28,852	0	0	28,852
Depreciation	5,048	0	0	5,048
Decrease in inventories	3,124	0	0	3,124
Decrease in accounts receivable	0	0	195	195
Increase(decrease) in accounts payable	(660)	0	1,281	621
Decrease in unearned revenue	(532)	0	0	(532)
Net cash used in operating activities	\$ (342,711)	(368)	(12,805)	(355,884)
RECONCILIATION OF CASH AND CASH EQUIVALENTS AT YEAR END TO SPECIFIC ASSETS INCLUDED ON COMBINED BALANCE SHEET:				
Current assets:				
Cash and pooled investments	\$ 56,290	1,284	7,809	65,383

NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:

During the year ended June 30, 2008, the District received Federal commodities valued at \$28,852.

SEE NOTES TO FINANCIAL STATEMENTS.

COLUMBUS COMMUNITY SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2008

	<u>Private Purpose</u> <u>Trust</u> <u>Scholarship</u>	<u>Agency</u>
ASSETS		
Cash and pooled investments	\$ 2,934	154
LIABILITIES		
Due to other groups	0	154
NET ASSETS		
Reserved for scholarships	<u>\$ 2,934</u>	<u>0</u>

SEE NOTES TO FINANCIAL STATEMENTS.

COLUMBUS COMMUNITY SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2008

	<u>Private Purpose</u> <u>Trust</u> <u>Scholarship</u>
Additions:	
Local sources:	
Contributions	<u>\$ 16,423</u>
Deductions:	
Support services:	
Student services	<u> 17,673</u>
Change in net assets	(1,250)
Net assets beginning of year	<u> 4,184</u>
Net assets end of year	<u><u>\$ 2,934</u></u>

SEE NOTES TO FINANCIAL STATEMENTS.

COLUMBUS COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

(1) **Summary of Significant Accounting Policies**

The Columbus Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve. The geographic area served primarily includes the Cities of Columbus Junction, Columbus City, Conesville, Cotter and Fredonia Iowa, and the predominate agricultural territory of Louisa and Muscatine Counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Columbus Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the District. The Columbus Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations - The District participates in a jointly governed organization that provides services to the District but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Louisa and Muscatine County Assessors' Conference Board.

B. Basis of Presentation

Government-wide Financial Statements - The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Assets presents the District's non-fiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

Restricted net assets result when constraints placed on net assets use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net asset consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources that are imposed by management, but can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest that are restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements - Separate financial statements are provided for governmental, proprietary, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other nonmajor governmental funds.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenses, including instructional, support and other costs.

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities.

The District also reports three nonmajor proprietary funds which include the following:

The District's Enterprise, School Nutrition Fund is used to account for the food service operations of the District.

The District's Enterprise, Greenhouse Fund is used to account for the transactions involved in the buying and selling of plants in the greenhouse the District operates.

The District's Enterprise, Pool Fund is used to account for the community services the District provides to patrons of the surrounding cities for usage of the swimming pool the District operates.

The District also reports two fiduciary funds which focus on net assets and changes in net assets. The District's fiduciary funds include the following:

The Private Purpose Trust Fund is used to account for assets held by the District under trust agreements which require income earned to be used to benefit individuals through scholarship awards.

The Agency Fund is used to account for assets held by the District as an agent for individuals, private organizations and other governments. The Agency Fund is custodial in nature, assets equal liabilities, and does not involve measurement of results of operations.

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments, and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are

incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

The proprietary fund of the District applies all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's Enterprise Fund is charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Liabilities and Fund Balances

The following accounting policies are followed in preparing the financial statements:

Cash, Pooled Investments and Cash Equivalents - The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for the investment in the Iowa Schools Joint Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, they have a maturity date no longer than three months.

Property Tax Receivable - Property tax in the governmental funds are accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each

year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2006 assessed property valuations; is for the tax accrual period July 1, 2007 through June 30, 2008 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2007.

Due from Other Governments - Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories - Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

Capital Assets - Capital assets, which include property, machinery and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Land	\$ 2,500
Buildings	2,500
Land improvements	2,500
Machinery and equipment:	
School Nutrition Fund equipment	500
Other machinery and equipment	2,500

Capital assets are depreciated using the straight line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives (In Years)
Buildings	10-40 years
Land improvements	10-20 years
Machinery and equipment	5-15 years

Salaries and Benefits Payable - Payroll and related expenditures for teachers with annual contracts corresponding

to the current school year, which is payable in July, have been accrued as liabilities when applicable.

Deferred Revenue - Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds as well as property tax receivables and other receivables not collected within sixty days after year end.

Deferred revenue on the Statement of Net Assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

Unearned Revenue - Unearned revenues in the School Nutrition Fund are monies collected for lunches that have not yet been served. The lunch account balances will either be reimbursed or served lunches. The revenue will be considered earned when services are provided. The lunch account balances are reflected on the Statement of Net Assets in the Proprietary Funds.

Compensated Absences - District employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death, or retirement. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations or retirements. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2008. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

Long-term Liabilities - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Assets.

Fund Balances - In the governmental fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

Restricted Net Assets - In the government-wide Statement of Net Assets, net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

E. Budgeting and Budgetary Control

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended

June 30, 2008, expenditures in the instructional and non-instructional programs function exceeded the amount budgeted.

(2) Cash and Pooled Investments

The District's deposits at June 30, 2008 were entirely covered by federal depository insurance or State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district. At June 30, 2008, the District had no investments to be reported.

(3) Interfund Transfers

The detail of transfers for the year ended June 30, 2008 is as follows:

Transfer to	Transfer from	Amount
Debt Service	Capital Projects	\$ 120,331
Debt Service	Physical Plant and Equipment Levy	103,686
Enterprise Pool Fund	Public Education and Recreation Levy	27,020
Total		<u>\$ 251,037</u>

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

(4) Iowa School Cash Anticipation Program (ISCAP)

The District participates in the Iowa Schools Cash Anticipation Program (ISCAP). ISCAP is a program of the Iowa Association of School Boards and is designed to provide funds to participating entities during periods of cash deficits. ISCAP is funded by a semiannual issuance of anticipatory warrants, which mature as noted below. The warrant sizing of each school corporation is based on a projection of cash flow needs during the semiannual period. ISCAP accounts are maintained for each participating entity, and monthly statements are provided regarding their cash balance, interest earnings, and amounts available for withdrawal for each outstanding series of warrants. These accounts are reflected as restricted assets on the balance sheet. Bankers Trust Co. NA is the trustee for the program. A summary of the District's participation in ISCAP as of June 30, 2008 is as follows:

Series	Warrant Date	Final Warrant Maturity	Investments	Accrued Interest Receivable	Warrants Payable	Accrued Interest Payable
2008-09A	6/26/2008	6/25/2009	\$ 1,577,755	598	1,565,000	600

The District pledges its state foundation aid payments and General Fund receipts as security for warrants issued. Repayments must be made when General Fund receipts are received. If a balance is outstanding on the last date the funds are available to be drawn, then the District must repay the outstanding withdrawal from its General Fund receipts, and must make minimum warrant repayments on the 25th of each month immediately following the final date that the warrant proceeds may be used in an amount equal to 25% of the warrant amount. ISCAP advance activity in the General Fund for the year ended June 30, 2008 is as follows:

Series	Balance Beginning of Year	Advances Received	Advances Repaid	Balance End of Year
2007-08A	\$ 0	600,000	600,000	0

The warrants bear an interest rate and the available proceeds of the warrants are invested at an interest rate as shown below:

Series	Interest Rates on Warrants	Interest Rates on Investments
2007-08A	4.500%	5.455%
2008-09A	3.500%	3.469%

(5) Capital Assets

Capital assets activity for the year ended June 30, 2008 is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Business-type activities:				
Machinery and equipment	\$ 91,949	7,016	0	98,965
Less accumulated depreciation	65,081	5,048	0	70,129
Business-type activities capital assets, net	\$ 26,868	1,968	0	28,836

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 406,285	0	0	406,285
Construction in progress	183,960	72,763	0	256,723
Total capital assets not being depreciated	590,245	72,763	0	663,008
Capital assets being depreciated:				
Buildings	10,313,637	0	0	10,313,637
Land improvements	983,509	0	0	983,509
Machinery and equipment	1,413,954	159,400	80,056	1,493,298
Total capital assets being depreciated	12,711,100	159,400	80,056	12,790,444
Less accumulated depreciation for:				
Buildings	3,188,623	252,864	0	3,441,487
Land improvements	540,558	46,933	0	587,491
Machinery and equipment	1,003,890	103,600	55,362	1,052,128
Total accumulated depreciation	4,733,071	403,397	55,362	5,081,106
Total capital assets being depreciated, net	7,978,029	(243,997)	24,694	7,709,338
Governmental activities capital assets, net	\$ 8,568,274	(171,234)	24,694	8,372,346

Depreciation expense was charged by the District as follows:

Governmental activities:	
Instruction:	
Regular	\$ 46,146
Support services:	
Instructional staff	4,915
Operation and maintenance	2,374
Transportation	50,165
	103,600
Unallocated depreciation	299,797
Total governmental activities depreciation expense	\$ 403,397
Business-type activities:	
Food services	\$ 5,048

(6) Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2008 is as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year	Due Within One Year
General Obligation Bonds	\$ 3,190,000	0	230,000	2,960,000	240,000
Revenue Bonds	750,000	0	110,000	640,000	115,000
QZAB	1,000,000	0	0	1,000,000	0
Copier Leases	31,734	0	31,734	0	0
Early Retirement	37,397	61,770	37,397	61,770	24,183
Compensated absences	92,086	107,629	92,086	107,629	107,629
Total	\$ 5,101,217	169,399	501,217	4,769,399	486,812

General Obligation Bonds Payable

Details of the District's June 30, 2008 general obligation bonded indebtedness are as follows:

Year Ending June 30,	Bond Issue of December 1, 1998				
	Interest Rates		Principal	Interest	Total
2009	4.15	% \$	240,000	131,922	371,922
2010	4.20		250,000	121,963	371,963
2011	4.25		260,000	111,462	371,462
2012	4.25		275,000	100,413	375,413
2013	4.35		285,000	88,725	373,725
2014	4.50		300,000	76,327	376,327
2015	4.55		315,000	62,827	377,827
2016	4.60		330,000	48,495	378,495
2017	4.70		345,000	33,315	378,315
2018	4.75		360,000	17,100	377,100
Total			\$ 2,960,000	792,549	3,752,549

Revenue Bonds Payable

Details of the District's June 30, 2008 local option sales and service tax revenue bonded indebtedness are as follows:

Year Ending June 30,	Bond Issue of March 1, 2005				
	Interest Rates		Principal	Interest	Total
2009	2.750	% \$	115,000	18,517	133,517
2010	2.950		115,000	15,239	130,239
2011	3.100		120,000	11,682	131,682
2012	3.200		75,000	8,622	83,622
2013	3.350		70,000	6,250	76,250
2014	3.450		70,000	3,870	73,870
2015	3.550		75,000	1,331	76,331
Total			\$ 640,000	65,511	705,511

The District has pledged future local option sales and service tax revenues to repay the \$850,000 bond issued March, 2005. The bonds were issued for the purpose of defraying a portion of the cost of the District's geothermal HVAC project. The bonds are payable solely from the proceeds of the local option sales received by the District and are payable through 2015. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional limitation of the District. Annual principal and interest payments on the bonds are expected to require nearly 22.5 percent of the local option sales and services tax revenues. The total principal and interest remaining to be paid on the bonds is \$705,511. For the current year, principal and interest of \$131,555 was paid on the bonds and total local option sales and service tax revenues were \$594,561.

The resolution providing for the issuance of the local option sales and services tax revenue bonds includes the following provisions:

- a) \$85,000 of the proceeds from the issuance of the revenue bonds shall be deposited to the Reserve Account to be used solely for the purpose of paying principal and interest on the bonds if insufficient money is available in the Sinking Account. The balance of the proceeds shall be deposited to the Project Account.
- b) All proceeds from the local option sales and services tax shall be placed in a Revenue Account.
- c) Monies in the Revenue Account shall be disbursed to make deposits into a Sinking Account to pay the principal and interest requirements of the revenue bonds for the fiscal year.
- d) Any monies remaining in the Revenue Account after the required transfer to the Sinking Account may be transferred to the Project Account to be used for any lawful purpose.

Qualified Zone Academy Bonds (QZAB) Payable

In December of 2004, the District issued \$1,000,000 of QZAB bonds to finance a portion of the costs of the geothermal HVAC project. The District deposits \$82,175 annually into an escrow account, which is held by Banker's Trust on behalf of the District. Funds in the escrow account will be used to repay the bonds when they mature. The escrow account earns interest at 2%.

Early Retirement

The District offers a voluntary early retirement plan to its certified employees. Eligible employees must be at least fifty-five years of age and employees must have completed fifteen years of continuous service to the District. Employees must complete an application, which is required to be approved by the Board of Education. During the year ended June 30, 2008, the District paid early retirement benefits of \$37,397.

(7) Pension and Retirement Benefits

The District contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 3.90% of their annual salary and the District is required to contribute 6.05% of annual covered payroll for the years ended June 30, 2008, 2007 and 2006. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2008, 2007 and 2006 were \$368,381, \$292,794 and \$313,804 respectively, equal to the required contributions for each year.

(8) Risk Management

The District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions;

injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(9) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$341,676 for the year ended June 30, 2008 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

(10) Budget Overexpenditure

Per the Code of Iowa, expenditures may not legally exceed budgeted appropriations at the functional area level. During the year ended June 30, 2008, expenditures in the instructional and non-instructional programs function exceeded the amount budgeted.

(11) Construction Commitment

As of June 30, 2008, costs of \$256,723 had been incurred for construction projects at the middle school. When construction is completed, the construction costs will be added to the capital assets.

REQUIRED SUPPLEMENTARY INFORMATION

COLUMBUS COMMUNITY SCHOOL DISTRICT
BUDGETARY COMPARISON OF REVENUES, EXPENDITURES AND
CHANGES IN BALANCES -
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS
AND PROPRIETARY FUNDS
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2008

	Governmental Fund Types Actual	Proprietary Fund Type Actual	Total Actual	Budgeted Amounts		Final to Actual Variance
				Original	Final	
Revenues:						
Local sources	\$ 5,038,542	161,589	5,200,131	4,861,851	4,861,851	338,280
Intermediate sources	1,800	0	1,800	0	0	1,800
State sources	5,649,688	6,262	5,655,950	5,860,634	5,860,634	(204,684)
Federal sources	510,736	350,321	861,057	674,300	674,300	186,757
Total revenues	11,200,766	518,172	11,718,938	11,396,785	11,396,785	322,153
Expenditures:						
Instruction	7,010,000	2,025	7,012,025	6,806,500	6,806,500	(205,525)
Support services	2,739,248	0	2,739,248	3,265,500	3,265,500	526,252
Non-instructional programs	6,796	552,459	559,255	422,000	422,000	(137,255)
Other expenditures	1,072,648	0	1,072,648	1,184,933	1,184,933	112,285
Total expenditures	10,828,692	554,484	11,383,176	11,678,933	11,678,933	295,757
Excess(deficiency) of revenues over(under) expenditures	372,074	(36,312)	335,762	(282,148)	(282,148)	617,910
Other financing sources, net	(27,020)	27,020	0	241,000	241,000	(241,000)
Excess(deficiency)of revenues and other financing sources over(under) expenditures	345,054	(9,292)	335,762	(41,148)	(41,148)	376,910
Balance beginning of year	1,471,035	102,533	1,573,568	1,282,513	1,282,513	(291,055)
Balance end of year	\$ 1,816,089	93,241	1,909,330	1,241,365	1,241,365	85,855

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

COLUMBUS COMMUNITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING
YEAR ENDED JUNE 30, 2008

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standard Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except Private Purpose Trust and Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions not by fund or fund type. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not by fund. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula.

During the year ended June 30, 2008, expenditures in the instructional and non-instructional function exceeded the budgeted amount.

OTHER SUPPLEMENTARY INFORMATION

COLUMBUS COMMUNITY SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2008

	Special Revenue Funds						Total
	Manage- ment Levy	Student Activity	Physical Plant and Equipment Levy	Public Education and Recreation Levy	Total Special Revenue Funds	Debt Service	Other Nonmajor Governmental Funds
ASSETS							
Cash and pooled investments	\$ 113,816	25,054	90,063	0	228,933	406,417	635,350
Receivables:							
Property tax					0		
Delinquent	1,589	0	2,132	306	4,027	4,201	8,228
Succeeding year	150,000	0	214,703	28,826	393,529	371,923	765,452
Accounts	6	1,499	8	1	1,514	16	1,530
TOTAL ASSETS	\$ 265,411	26,553	306,906	29,133	628,003	782,557	1,410,560
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 0	2,324	0	0	2,324	0	2,324
Deferred revenue:							
Succeeding year property tax	150,000	0	214,703	28,826	393,529	371,923	765,452
Total liabilities	150,000	2,324	214,703	28,826	395,853	371,923	767,776
Fund balances:							
Reserved for debt service	0	0	0	0	0	410,634	410,634
Unreserved	115,411	24,229	92,203	307	232,150	0	232,150
Total fund balances	115,411	24,229	92,203	307	232,150	410,634	642,784
TOTAL LIABILITIES AND FUND BALANCES	\$ 265,411	26,553	306,906	29,133	628,003	782,557	1,410,560

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

COLUMBUS COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2008

	Special Revenue Funds						Total
	Manage- ment Levy	Student Activity	Physical Plant and Equipment Levy	Public Education and Recreation Levy	Total Special Revenue Funds	Debt Service	Other Nonmajor Governmental Funds
REVENUES:							
Local sources:							
Local tax	\$ 139,745	0	188,458	26,972	355,175	371,364	726,539
Other	60,081	149,680	412	19	210,192	9,312	219,504
State sources	73	0	98	12	183	192	375
TOTAL REVENUES	199,899	149,680	188,968	27,003	565,550	380,868	946,418
EXPENDITURES:							
Current:							
Instruction:							
Regular instruction	109,894	0	0	0	109,894	0	109,894
Other instruction	2,528	144,137	0	0	146,665	0	146,665
Support services:							
Student services	882	1,292	0	0	2,174	0	2,174
Instructional staff services	12,993	0	0	0	12,993	0	12,993
Administration services	8,437	7,336	0	0	15,773	0	15,773
Operation and maintenance of plant services	42,617	0	0	0	42,617	0	42,617
Transportation services	12,562	0	75,012	0	87,574	0	87,574
Non-instructional programs:							
Food service operations	5,438	0	0	0	5,438	0	5,438
Other expenditures:							
Long-term debt:							
Principal	0	0	0	0	0	371,734	371,734
Interest and fiscal charges	0	0	0	0	0	152,800	152,800
TOTAL EXPENDITURES	195,351	152,765	75,012	0	423,128	524,534	947,662
EXCESS(DEFICIENCY) OF REVENUES OVER(UNDER) EXPENDITURES	4,548	(3,085)	113,956	27,003	142,422	(143,666)	(1,244)
OTHER FINANCING SOURCES(USES):							
Transfers in	0	0	0	0	0	224,017	224,017
Transfers out	0	0	(103,686)	(27,020)	(130,706)	0	(130,706)
TOTAL OTHER FINANCING SOURCES(USES)	0	0	(103,686)	(27,020)	(130,706)	224,017	93,311
EXCESS(DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES(USES) OVER(UNDER) EXPENDITURES	4,548	(3,085)	10,270	(17)	11,716	80,351	92,067
FUND BALANCE BEGINNING OF YEAR	110,863	27,314	81,933	324	220,434	330,283	550,717
FUND BALANCE END OF YEAR	\$ 115,411	24,229	92,203	307	232,150	410,634	642,784

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

COLUMBUS COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
 YEAR ENDED JUNE 30, 2008

Account	Balance Beginning of Year	Revenues	Expendi- tures	Balance End of Year
Interest	\$ 309	394	309	394
HS pop	2,858	5,732	8,351	239
Recycle pop cans	899	0	899	0
Elementary pop	2,957	0	2,957	0
Crazy carmel corn	543	0	543	0
Elementary playground	4,295	0	4,295	0
MS fundraisers	13,312	12,194	15,323	10,183
HS fundraisers	3,286	0	3,286	0
Athletics	(24,880)	70,807	55,443	(9,516)
Extra curricular programs	0	7,303	7,798	(495)
Speech and drama	(616)	543	0	(73)
Annual	(3,417)	6,228	2,811	0
Band activity	853	0	853	0
Vocal activity	2,256	0	2,256	0
Science and math	291	7,418	6,531	1,178
Cheerleaders	0	4,830	4,431	399
FCCLA	507	6,423	5,255	1,675
FFA	961	11,397	12,358	0
Indian Slough project	13,229	0	3,574	9,655
NHS	1,759	132	964	927
BPA	1,743	753	427	2,069
Student council	1,247	2,327	1,957	1,617
Class of 2007	75	0	75	0
Class of 2008	238	0	135	103
Class of 2009	2,171	819	2,431	559
Class of 2010	375	1,585	49	1,911
Class of 2011	0	400	50	350
Medical fund	1,292	0	1,292	0
Special olympics	266	0	50	216
Book fair	142	7,920	8,062	0
Close up	363	2,475	0	2,838
Total	\$ 27,314	149,680	152,765	24,229

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

COLUMBUS COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES -
 AGENCY FUND
 YEAR ENDED JUNE 30, 2008

	Balance			Balance
	Beginning			End
	of Year	Additions	Deletions	of Year
ASSETS				
Cash and pooled investments	\$ 58	96	0	154
LIABILITIES				
Due to other groups	\$ 58	96	0	154

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

COLUMBUS COMMUNITY SCHOOL DISTRICT
SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION
ALL GOVERNMENTAL FUND TYPES
FOR THE LAST FIVE YEARS

Modified Accrual Basis					
Years Ended June 30,					
	2008	2007	2006	2005	2004
Revenues:					
Local sources:					
Local tax	\$ 4,435,032	4,566,689	4,074,041	3,604,805	3,346,463
Tuition	148,962	154,807	118,847	116,089	149,357
Other	454,548	398,975	481,653	393,851	417,144
Intermediate sources	1,800	0	0	0	0
State sources	5,649,688	5,275,545	4,982,827	5,071,177	4,738,819
Federal sources	510,736	570,722	1,061,740	1,042,930	937,005
Total	<u>\$ 11,200,766</u>	<u>10,966,738</u>	<u>10,719,108</u>	<u>10,228,852</u>	<u>9,588,788</u>
Expenditures:					
Instruction:					
Regular instruction	\$ 4,554,474	4,207,721	3,928,092	4,077,526	3,724,275
Special instruction	1,213,353	1,104,438	1,832,974	1,075,122	1,744,199
Other instruction	1,242,173	1,190,633	585,318	1,037,128	620,153
Support services:					
Student services	283,840	276,389	325,815	297,838	90,198
Instructional staff services	462,139	521,660	484,429	488,836	402,674
Administration services	798,256	738,172	658,865	597,866	609,438
Operation and maintenance of plant services	788,611	713,261	712,201	716,645	685,785
Transportation services	406,402	280,879	326,644	353,091	324,195
Other support services	0	0	0	0	11,475
Non-instructional programs	6,796	1,406	0	0	174,882
Other expenditures:					
Facilities acquisitions	206,438	532,969	1,616,647	1,436,015	45,838
Long-term debt:					
Principal	371,734	343,103	309,553	484,403	362,255
Interest and other charges	152,800	175,458	187,171	189,510	199,401
AEA flow-through	341,676	322,519	303,124	304,877	296,901
Total	<u>\$ 10,828,692</u>	<u>10,408,608</u>	<u>11,270,833</u>	<u>11,058,857</u>	<u>9,291,669</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

COLUMBUS COMMUNITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2008

GRANTOR/PROGRAM	CFDA NUMBER	GRANT NUMBER	PROGRAM EXPENDITURES
INDIRECT:			
DEPARTMENT OF AGRICULTURE:			
IOWA DEPARTMENT OF EDUCATION:			
SCHOOL NUTRITION CLUSTER PROGRAMS:			
SCHOOL BREAKFAST PROGRAM	10.553	FY 08	\$ 73,500
NATIONAL SCHOOL LUNCH PROGRAM	10.555	FY 08	276,483 *
			<u>349,983</u>
DEPARTMENT OF EDUCATION:			
IOWA DEPARTMENT OF EDUCATION:			
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES	84.010	1701-G FY 07	27,794
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES	84.010	1701-G FY 08	211,694
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES	84.010	1701-GC	28,007
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES	84.011	1701-M	60,478
			<u>327,973</u>
SAFE AND DRUG-FREE SCHOOLS AND COMMUNITIES - STATE GRANTS	84.186	FY 07	2,384
SAFE AND DRUG-FREE SCHOOLS AND COMMUNITIES - STATE GRANTS	84.186	FY 08	874
			<u>3,258</u>
STATE GRANTS FOR INNOVATIVE PROGRAMS (TITLE V PROGRAM)	84.298	FY 08	400
COMPREHENSIVE SCHOOL REFORM DEMONSTRATION (MIDDLE SCHOOLS THAT WORK)	84.332	FY 08	25,307
TITLE IIA - FEDERAL TEACHER QUALITY PROGRAM	84.367	FY 08	37,647
GRANTS FOR STATE ASSESSMENTS AND RELATED ACTIVITIES(TITLE VI)	84.369	FY 08	6,669

COLUMBUS COMMUNITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2008

GRANTOR/PROGRAM	CFDA NUMBER	GRANT NUMBER	PROGRAM EXPENDITURES
AREA EDUCATION AGENCY:			
SPECIAL EDUCATION - GRANTS TO STATES(PART B)	84.027	FY 08	<u>59,667</u>
VOCATIONAL EDUCATION - BASIC GRANTS TO STATES	84.048	FY 08	<u>479</u>
ENGLISH LANGUAGE ACQUISITION STATE GRANTS(TITLE III)	84.365	FY 07	14,867
ENGLISH LANGUAGE ACQUISITION STATE GRANTS(TITLE III)	84.365	FY 08	<u>10,130</u>
			<u>24,997</u>
TOTAL			<u>\$ 836,380</u>

* Includes \$28,852 of non-cash awards

Basis of Presentation - The Schedule of Expenditures of Federal Awards includes the federal grant activity of the Columbus Community School District and is presented in conformity with the accrual or modified accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the general-purpose financial statements.

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

NOLTE, CORNMAN & JOHNSON P.C.
Certified Public Accountants
(a professional corporation)
117 West 3rd Street North, Newton, Iowa 50208-3050
Telephone (641) 792-1910

Independent Auditor's Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements Performed in
Accordance with Government Auditing Standards

To the Board of Education of the
Columbus Community School District:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Columbus Community School District as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated January 22, 2009. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Columbus Community School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of Columbus Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Columbus Community School District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies and other deficiencies we consider to be material weaknesses.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Columbus Community School District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood a misstatement of Columbus Community School District's financial statements that is more than inconsequential will not be prevented or detected by Columbus Community School District's internal control. We consider the deficiencies in internal control described in Part II of the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by Columbus Community School District's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we believe item II-A-08 is a material weakness.

Compliance and Other Matters

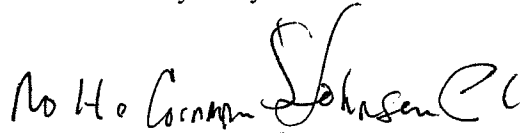
As part of obtaining reasonable assurance about whether Columbus Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters that are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2008 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Columbus Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusions on the District's responses, we did not audit Columbus Community School District's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Columbus Community School District and other parties to whom Columbus Community School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Columbus Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.


NOLTE, CORNMAN & JOHNSON, P.C.

January 22, 2009

NOLTE, CORNMAN & JOHNSON P.C.
Certified Public Accountants
(a professional corporation)
117 West 3rd Street North, Newton, Iowa 50208-3050
Telephone (641) 792-1910

Independent Auditor's Report on Compliance with Requirements Applicable
to Each Major Program and Internal Control over Compliance
in Accordance with OMB Circular A-133

To the Board of Education of
Columbus Community School District

Compliance

We have audited the compliance of Columbus Community School District with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2008. Columbus Community School District's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to each of its major federal programs is the responsibility of Columbus Community School District's management. Our responsibility is to express an opinion on Columbus Community School District's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Columbus Community School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Columbus Community School District's compliance with those requirements.

In our opinion, Columbus Community School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

Internal Control Over Compliance

The management of Columbus Community School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered Columbus Community School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Columbus Community School District's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the District's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified a deficiency in internal control over compliance that we consider to be a material weakness.

A control deficiency in the District's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to administer a federal program such that there is more than a remote likelihood noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the District's internal control. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item III-A-08 to be a significant deficiency.

A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the District's internal control. We consider the significant deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item III-A-08 to be a material weakness.

Columbus Community School District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we expressed our conclusions on the District's responses, we did not audit Columbus Community School District's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Columbus Community School District and other parties to whom Columbus Community School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.


NOLTE, CORNMAN & JOHNSON, P.C.

January 22, 2009

COLUMBUS COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2008

Part I: Summary of the Independent Auditor's Results

- (a) Unqualified opinions were issued on the financial statements.
- (b) Significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements, including a material weakness.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) A significant deficiency in internal control over major programs were disclosed by the audit of the financial statements, including a material weakness.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit did not disclose any audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs were as follows:
 - Clustered
 - CFDA Number 10.553 - School Breakfast Program
 - CFDA Number 10.555 - National School Lunch Program
 - Individual
 - CFDA Number 84.010 - Title I Grants to Local Educational Agencies
 - CFDA Number 84.011 - Title I Grants to Local Educational Agencies (Migrant)
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Columbus Community School District did not qualify as a low-risk auditee.

COLUMBUS COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2008

Part II: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

SIGNIFICANT DEFICIENCIES:

- II-A-08 Segregation of Duties - One important aspect of the internal control structure is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. We noted that the cash receipts listing, cash disbursements, bank deposits, posting of the cash receipts to the cash receipts journal and bank reconciliations were all done by the same person.

Recommendation - We realize that with a limited number of office employees, segregation of duties is difficult. However the District should review its control procedures to obtain the maximum internal control possible under the circumstances.

Response - We are always looking for ways to improve our internal controls and are willing to make changes that improve our situation.

Conclusion - Response accepted.

- II-B-08 District and Regional Rents - We noted during our audit that the district receives money for use of facilities when hosting district and regional events. The District currently receipts this into the Student Activity Fund.

Recommendation - Chapter 297.9 of the code of Iowa requires rent to be receipted into the general fund. The district should receipt rent collected for facility usage into the general fund.

Response - All future monies received for hosting district and regional events will be receipted into the General Fund.

Conclusion - Response accepted.

- II-C-08 Student Activity Fund-Individuals Receiving Checks- We noted during our audit that the District wrote checks to individual students in the Student Activity fund. According to the Uniform Accounting Manual from the Department of Education, no funds from a student organization may be distributed to individual students.

Recommendation - The District should review the procedures in place, and make necessary adjustments to comply.

Response - Procedures were reviewed and the above mentioned practice has ceased.

Conclusion - Response accepted.

- II-D-08 Gate Admissions - We noted during the audit that the District does not utilize pre-numbered tickets for any event that requires paid admission.

Recommendation - The District should have internal control procedures established for handling cash for all activity events, including athletic events and communicate the policies and procedures to individuals involved. The Board would of course, approve any policies and the District's business office should be involved in developing the detailed procedures. At a minimum these procedures should include:

- a. Cash or change boxes should be established with a specified amount.
- b. The District should use pre-numbered tickets.
- c. Two or more individuals should be involved in the cash collection/ticket sales process. In addition to cash collection/ticket sales procedures, the individuals should be instructed to not leave the cash/change boxes unattended under any circumstances.
- d. At the end of the event, cash should be counted and reconciled (by two or more individuals) to sales/pre-numbered tickets sold including the amount of the beginning cash.
- e. To reconcile, the next unsold ticket number less the beginning ticket number determines the number of tickets sold. This number times the price per ticket equals total sales. Total sales compared to total collected should reconcile. Variances, if any should be minimal.
- f. A reconciliation form should be completed and signed off by the individuals responsible for counting and reconciling the cash.
- g. The cash and change box should be turned into the Athletic Director (AD) or designee responsible for the "accounting" function at the event.
- h. The AD or designee should be required to take the cash collections to the night depository at the bank or at a minimum, lock the cash collections in the District's vault or other secure location at the District's office for deposit on the next working day. District procedures should prohibit individuals from taking cash collections home.
- i. A pre-numbered receipt should be issued by the Business Office the next working day in the amount of the confirmed deposit.
- j. Administrative personnel should periodically review/test the process to ensure procedures are working as prescribed.

Response - The District has begun the practice of issuing tickets and reconciling tickets with gate admissions following each activity event.

Conclusion - Response accepted.

- II-E-08 Donations - We noted during our audit that within the Student Activity Fund there was a donation made from the MS fundraiser account to an outside charity. The Uniform Procedures Manual specifically identifies "Student activity funds may not in any event be devoted or allocated to any private organization" which is referenced from an Attorney General's Opinion dated March 26, 1946. The District should refrain from making donation to any charities, unless funds were raised for that specific purpose.

Recommendation - The District should review its MS fundraiser account to ensure that the transactions are allowable from the Student Activity Fund. When the District is performing fundraising efforts they need to post the specific purpose, so that the consumer knows what the proceeds are to be used for.

Response - The District has reviewed its middle school fund raising procedures and now has instituted a fundraising form in which each fund raising effort lists the specific purpose and intention for the fundraiser. A posting of the specific purpose for fundraising occurs.

Conclusion - Response accepted.

II-F-08 Timely Deposits - We noted during our audit that deposits for the Student Activity and General fund were not being deposited into the bank in a timely manner.

Recommendation - All receipts should be deposited when received. The district should review procedures to ensure that the deposits are made timely.

Response - The District has reviewed its depositing procedures and with the assistance of those who collect money in the District's attendance centers will make every effort to deposit funds in a timelier manner.

Conclusion - Response accepted.

COLUMBUS COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2008

Part III: Findings and Questioned Costs For Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

SIGNIFICANT DEFICIENCIES:

CFDA Number 10.553: School Breakfast Program and
CFDA Number 10.555: National School Lunch Program
Federal Award Year: 2008
U.S. Department of Agriculture
Passed through the Iowa Department of Education

CFDA Number 84.010: Title I Grants to Local Educational Agencies
Federal Award Year: 2007 & 2008
U.S. Department of Education
Passed through the Iowa Department of Education

CFDA Number 84.011: Title I Grants to Local Educational Agencies (Migrant)
Federal Award Year: 2008
U.S. Department of Education
Passed through the Iowa Department of Education

III-A-08 Segregation of Duties - One important aspect of the internal control structure is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. We noted that the cash receipts listing, cash disbursements, bank deposits, posting of the cash receipts to the cash receipts journal and bank reconciliations were all done by the same person.

Recommendation - We realize that with a limited number of office employees, segregation of duties is difficult. However the District should review its control procedures to obtain the maximum internal control possible under the circumstances.

Response - We are always looking for ways to improve our internal controls and are willing to make changes that improve our situation.

Conclusion - Response accepted.

COLUMBUS COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2008

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-08 Certified Budget - District disbursements for the year ended June 30, 2008, exceeded the amount budgeted in the instructional and non-instructional function.

Recommendation - The budget should have been amended in accordance with Chapter 24.9 of the Code of Iowa before disbursements were allowed to exceed the budget.

Response - We will amend the budget if necessary in the future.

Conclusion - Response accepted.

IV-B-08 Questionable Disbursements - We noted no disbursements that may not meet the requirements for public purpose as defined in an Attorney General's opinion dated April 25, 1979.

IV-C-08 Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

IV-D-08 Business Transactions - Business transactions between the District and District officials were noted as follows:

Name, Title and Business Connection	Transaction Description	Amount
Tom Mendenhall, Maintenance Owns of Mendenhall, INC.	Repairs	\$349

In accordance with the Attorney General's opinion dated July 2, 1990, the above transactions with the District's teachers do not appear to represent a conflict of interest.

IV-E-08 Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.

IV-F-08 Board Minutes - We noted no transactions requiring Board approval which have not been approved by the Board.

IV-G-08 Certified Enrollment - We noted no variances in the basic enrollment data certified to the Department of Education.

IV-H-08 Deposits and Investments - We noted no instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy.

IV-I-08 Certified Annual Report - The Certified Annual Report was filed with the Department of Education timely and we noted no significant deficiencies in the amounts reported.

IV-J-08 Financial Condition - During our audit we noted that the District had three negative account balances in the Student Activity Fund totaling \$10,084.

Recommendation - The District should review purchase approval procedures for the Student Activity Fund and may wish to require additional approval before ordering goods or services from these accounts. The District should investigate alternatives to eliminate these deficit balances.

Response - We have implemented new procedures for purchasing and will make every attempt to maintain positive Student Activity Fund balances.

Conclusion - Response accepted.